

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 NEA-10 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

COME-00 EB-08 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CEA-01 SS-15 AF-10 ARA-10 EA-10

NSC-05 /135 W

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R 250500Z AUG 77

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 7996

INFO USMISSION GENEVA

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION USUN NEW YORK

C O N F I D E N T I A L COLOMBO 3105

E.O. 11652: GDS

TAGS: ECON, EGEN, UNCTAD, CE

SUBJ: MULTILATERAL AFFAIRS: COMMODITIES--UNCTAD COMMON FUND
MEETING NOVEMBER 7-DECEMBER 2

REF: STATE 191312

1. SUMMARY: SRI LANKA'S COMMON FUND POLICY IS FORMULATED ALMOST ENTIRELY BY LEELANANDA DE SILVA, SENIOR ADDITIONAL SECRETARY IN THE MINISTRY OF PLANNING AND ECONOMIC AFFAIRS WITH THE FINAL APPROVAL OF THE PRIME MINISTER. WHILE THE NEW GOVERNMENT OF SRI LANKA (GSL) HAS NOT YET FOCUSED ON THE COMMON FUND MEETING, DE SILVA DOES NOT EXPECT ANY FUNDAMENTAL CHANGES IN POLICY. THE EMBASSY BELIEVES THAT A VISIT TO COLOMBO BY A US EXPERT WOULD BE USEFUL. END SUMMARY.

2. EMBOFF DISCUSSED SRI LANKA'S DECISION MAKING PROCESS ON COMMON FUND ISSUES WITH LEELANANDA DE SILVA, SENIOR ASSISTANT
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SECRETARY AND DIRECTOR OF THE ECONOMIC AFFAIRS DIVISION, MINISTRY OF PLANNING AND ECONOMIC AFFAIRS. DE SILVA IS THE KEY GSL OFFICIAL ON THE COMMON FUND AS WELL AS ON MOST OTHER NORTH/SOUTH QUESTIONS. HE IS A VERY ABLE ECONOMIST WHO HAS BEEN MOST COOPERATIVE WITH EMBASSY OFFICER BUT IS ALSO A STRONG ADVOCATE OF UNCTAD POSITIONS.

3. IN ADDITION TO ITS ROLE IN THE MINISTRY OF PLANNING AND ECONOMIC AFFAIRS, DE SILVA'S ECONOMIC AFFAIRS DIVISION FUNCTIONS AS THE EB BUREAU OF THE FOREIGN MINISTRY. AFTER CONSULTATIONS WITH OTHER MINISTRIES (E.G., FINANCE, TRADE, FOREIGN AFFAIRS, AND PLANTATION INDUSTRIES), DE SILVA AND HIS STAFF PREPARE MOST (IF NOT ALL) ECONOMIC POSITION PAPERS FOR UNCTAD AND NON-ALIGNED MEETINGS. HE PERSONALLY DRAFTED THE COMMON FUND RESOLUTION ADOPTED AT THE APRIL NON-ALIGNED COORDINATING COMMITTEE MEETING IN NEW DELHI. THE SRI LANKAN MISSION IN GENEVA PLAYS, AT BEST, A MINOR ROLE IN POLICY FORMULATION. AT THE PRESENT TIME, FINAL NEGOTIATING POSITIONS ARE APPROVED BY THE MINISTER OF PLANNING AND ECONOMIC AFFAIRS WHO IS ALSO THE PRIME MINISTER.

4. ACCORDING TO DE SILVA, THE NEW GSL WHICH TOOK OFFICE ON JULY 22 HAS NOT YET FOCUSED ON THE COMMON FUND. WHILE HE DOES NOT EXPECT ANY MAJOR POLICY CHANGES, HE COULD NOT SAY WHO WOULD BE ATTENDING THE NOVEMBER MEETING OR WHAT SRI LANKA'S POSITION MIGHT BE. IT SEEMS LIKELY, HOWEVER, THAT DE SILVA AND OTHER OFFICIALS FROM COLOMBO WILL ATTEND. SINCE THE SRI LANKA DELEGATION WILL UNDOUBTEDLY CONSIST OF THE SAME PEOPLE WHO MAKE THE POLICY, THE DELEGATION WILL HAVE CONSIDERABLE NEGOTIATING FLEXIBILITY. ONCE THE DELEGATION IS IN GENEVA, THE EMBASSY SUGGESTS THAT US REPS DEAL DIRECTLY WITH DE SILVA. IT IS VERY UNLIKELY THAT THOSE OFFICIALS LEFT IN COLOMBO COULD BE PURSUED TO ISSUE INSTRUCTIONS CONTRARY TO DE SILVA'S RECOMMENDATIONS.

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MENDATIONS.

5. IN DISCUSSING SRI LANKA'S COMMON FUND POLICY, DE SILVA SAID THERE HAS BEEN NO CHANGE SINCE UNCTAD IV. WHILE SRI LANKA DOES NOT EXPECT MUCH DIRECT BENEFIT FROM THE ESTABLISHMENT OF A COMMON FUND, THE GSL STRONGLY SUPPORTS THE FUND AS A NECESSARY STEP TOWARDS A NEW INTERNATIONAL ECONOMIC ORDER AND TO MAINTAIN THE SOLIDARITY OF THE GROUP OF 77. SRI LANKA HAS ONLY TWO PRODUCTS INCLUDED IN THE INTEGRATED PROGRAM FOR COMMODITIES: TEA AND RUBBER. DE SILVA POINTED OUT THAT A TEA AGREEMENT DOES NOT APPEAR LIKELY IN THE FORESEEABLE FUTURE DUE TO OPPOSITION OF AFRICAN PRODUCERS. MOREOVER, TEA IS NOT A SUITABLE COMMODITY FOR BUFFER STOCKING. ON THE OTHER HAND, THERE WILL PROBABLY BE A RUBBER AGREEMENT VERY SOON WITH OR WITHOUT A COMMON FUND. EVEN THOUGH SRI LANKA'S SUPPORT OF THE COMMON FUND IS MORE THEORETICAL THAN PRACTICAL, THE PREVIOUS GSL WAS PREPARED TO CONTRIBUTE FIVE MILLION DOLLARS TO THE FUND. DE SILVA WAS NOT SURE IF THE NEW GSL WOULD CONTINUE THAT COMMITMENT.

6. WHILE THE NEW GSL HAS PLEDGED ITSELF TO SUPPORT THE NON-ALIGNED MOVEMENT, THE NEW INTERNATIONAL ECONOMIC ORDER, AND

OTHER THIRD WORLD ISSUES, IN ACTUAL FACT THIS GOVERNMENT IS EXPECTED TO DEVOTE MORE ATTENTION TO DOMESTIC AFFAIRS AND LESS TO FOREIGN AFFAIRS THAN DID ITS PREDECESSOR. AS A CONSEQUENCE, SRI LANKAN DELEGATIONS IN FUTURE THIRD WORLD AND UNCTAD MEETINGS MAY TAKE LESS OF A LEADERSHIP ROLE THAN IT DID WHEN MRS. BANDARANAIKE WAS PRIME MINISTER. THIS DOES NOT MEAN THAT SRI LANKA IS PREPARED TO DEPART FROM THE UNCTAD LINE, BUT ONLY THAT IT WILL TEND TO SUPPORT GROUP OF 77 POSITIONS MORE OUT OF REFLEX THAN CONVICTION.

7. THE OLD SECRETARY OF THE MINISTRY OF PLANNING AND ECONOMIC AFFAIRS IS NONFUNCTIONING AND A NEW APPOINTEE IS EXPECTED AT ANY TIME. WITH NO STRONG DIRECTION FROM THE MINISTERIAL LEVEL, DE SILVA PRETTY MUCH GOES HIS OWN WAY ON THE COMMON
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FUND. IF AND WHEN A NEW SECRETARY TAKES OVER, THE EMBASSY BELIEVES A VISIT BY A US EXPERT WOULD BE VERY USEFUL IN PRESENTING THE USG POSITION TO THE NEW SECRETARY, AS WELL AS TO DE SILVA. WHILE A VISIT IN SEPTEMBER WOULD PROBABLY BE BEST, DISCUSSIONS AS LATE AS THE END OF OCTOBER WOULD STILL HAVE A WORTHWHILE EFFECT.
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